Governor Responsibilities

A number of the key responsibilities of the governing body are introduced. Each area of responsibility has a brief overview and links to further resources which provide additional information about each topic.

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Advance HE

Contents

1. Academic governance and quality

The term 'academic governance' refers to how the academic matters of the institution are governed. Typically, academic governance will cover matters such as student admissions, academic standards and academic quality. By contrast 'Corporate governance' is normally describes areas such as finance and estates. Together 'academic' and 'corporate' governance form the system of governance for most higher education institutions (HEIs).

The academic governance of an institution is normally the work of the Senate (or academic board). Senate will in turn be supported by a number of committees. Corporate governance will be responsibility of the governing body and its committees.

For the institution's system of governance to work, the two elements of governance need to work in tandem. If they do not do so, there is the risk of governance failure.

While the governing body is responsible for 'all matter of fundamental concern', it will generally respect the role of Senate, and defer to it on matters of academic governance. However, it may seek assurance from Senate that the institution's system of academic governance is effect.

1.1 Briefing note 4: Academic governance and quality

An important consideration is how a provider's academic and corporate governance are linked. Historically, separate Bodies have been responsible for each element of governance. The relationship between Governing Body and Senate (or Academic Board) is examined. The balance of power between the two decision-making Bodies is not fixed, differs between institutions and has evolved over time. It may change again in the future.

Download the briefing note.

2. Compliance and regulation

Higher education institutions (HEIs) work in a complex environment, and are subject to considerable regulation. A governing body should satisfy itself that the institution is complying with the requirements placed upon it. As HEIs are required to make returns to many organisations and agencies this is not a simple task.

Some institutions have compiled a summary of the returns they make each year in an effort to provide governors with an overview of what information they are required to collect, compile and submit to an external agency. Entries in the summary report typically identify the nature and purpose of the return, which part of the organisation is responsible for compiling the return, the submission date and who authorises submission of the return on behalf of the institution.

An institution will, for example, need to make returns about, for example, its finances, the student body, its staff and the estate. Given the detailed nature of the returns made, the task of ensuring the returns submitted are accurate and timely is often delegated to the institution's audit committee. The Committee may carry out is work by sampling at random the data returns being made by institution in order to test and, subject to the results of the testing, offer assurance to the governing body as the accuracy of the returns being made by the institution. Most HEIs are also charities, and governors therefore need to have due to regard to their duties and responsibilities as a trustee.

2.1 Further support

Many of the data returns submitted by institutions are made to the Higher Education Statistical Agency. Higher education providers are expected to meet the code of practice for higher education data collections.

To assist trustees of charities in England and Wales to understand their duties and responsibilities, the Charity Commission has published The Essential Trustee.

More generally, the Charity Commission (CC) issues guidance on different aspects of a charity's operation, including, for example:

- Managing a charity's finances: planning, managing difficulties and insolvency (CC12)
- Charity reserves: building reserves (CC19)
- Trustees, trading and tax: how charities may lawfully trade (CC35)

While the CC's jurisdiction covers England and Wales, and most higher education institutions are 'exempt charities' (i.e. not directly regulated by CC), the guidance offers many helpful insights into the management of all charities. For example, CC35 stresses that in relation to a trading subsidiary the interests of the parent charity are paramount and a subsidiary must be established where the planned activities represent a significant risk to the assets of the charity. Trustees are also expected to routinely monitor the performance of all trading subsidiaries.

Examples of recent and additional legal requirements placed on institutions include:

The Bribery Act 2010, which came into force on 1 July 2011.

A 'prevent duty' was placed on higher and further education institutions following the passing of the Counter-Terrorism and Security Act 2015.

2.2 Briefing note 5: Regulations and compliance

Higher education providers operate in a complex and increasingly regulated environment. One of the duties if a Governing Body is to assure itself that the provider is fully compliant with the statutory and other regulatory requirements placed upon it. This is a significant task, demanding considerable time and attention from the Governing Body and its committees.

Download the briefing note.

2.3 Leadership and management of health and safety in higher education institutions

The University Health and Safety Association in partnership with the Universities and Colleges Employers Association have created guidance on leading and managing health and safety in HEIs.

You can use this guidance to help you understand your legal duties and demonstrate your visible:

- commitment to the success of the health and safety management system in your institution. The broad
- principles can all be captured within the management system approach: Plan, Do, Check, Review. This approach is no different to management processes used across HEIs for other purposes, such
- as procurement, applying for research bids or developing institutional strategies.

Download the guidance.

3. Commercial operations

In the context of higher education, commercial operations encompass: campus services and facilities - provided to support students and staff attending or working at the institution; Commercial services for private clients - utilises the knowledge, expertise and facilities available from the institution; and International student recruitment and development.

Campus services typically included catering and student accommodation. They may be run by the institution or 'contracted out' and provided by a third party. For example, commercial bus companies are contracted by a number of institutions to operate bus services to enable students and staff to travel to the institution. As a general rule, campus services and facilities will be run to cover their costs, rather than with the aim of making a profit.

Commercial services for private clients include:

- research or consultancy services for a private client
- often linked to use of the institution's specialist facilities and equipment
- bespoke training or short courses
- Commercial activities may be undertaken for profit, or as part of publicly supported research or knowledge transfer (KT).

KT involves the transfer of knowledge and expertise from the institution to private, public or non-for-profit organisations. Institutions may receive funding from government to engage in KT activities. The aim of public funding is normally to help the development of a knowledge-based economy. This is an economy where advanced knowledge forms the basis of competitive success, and in turn leads to increased employment and economic growth. These outcomes lead to public as well as private benefits.

Governors should be aware that commercial operations, especially when working with private clients, may have a very different risk-return profile when compared to those activities traditionally associated with higher education institutions.

3.1 Briefing note 6: Commercial operations

Commercial operations typically include the operation of campus-based services and facilities, including student accommodation; applied research, consultancy and training for private clients; and international recruitment. The purpose and operation of these activities varies. Each however impacts the successful operation of the provider.

Download the briefing note.

4. International students and developments

While the nature and scale of an institution's international engagement varies, most HEIs are involved in one or more of the following: recruitment of international students, international collaborations or partnerships and development and management of offshore operations.

The reason why international activity is of interest to a governing body is that an institution's international strategy and ambitions often involve significant financial and reputational benefits and risks.

For instance, the recruitment of international students or engagement in international partnerships may be a deliberate strategy chosen to reduce the institution's dependence on Home and EU students and diversity its sources of income. If successful a strategy may result in considerable financial and other benefits. However, if a strategy is unsuccessful, this may put pressure on the institution's overall finances. Further, as institutions are responsible for the standards of their awards regardless of where they are delivered, collaborations with an international partner carry risks in relation to quality assurance and reputational damage.

4.1 Briefing Note 7: International students and collaborations

The recruitment of international students wishing to study in the UK, international research collaborations and transnational education are all important aspects of international engagement in UK higher education. Each aspect involves opportunities and risk, and calls for effective leadership and governance.

Download the briefing note.

5. Risk management

Risk management: in an increasingly uncertain and less stable operating environment, institutions are increasingly mindful of the opportunities and risks. Governing bodies need to ensure the key risks have been identified and are effectively managed.

Increasing attention is being paid to risk management by governing bodies. This in part reflects cases of ineffective risk management in the private sector, which have resulted in corporate failure. Equally, the action of higher education governing bodies is in response to the increasingly uncertain and less predictable operating environment faced by institutions.

Governors must be mindful of risk, and, in particular, be vigilant as to whether the decisions they are being asked to make bring significant reputational or financial risks. Where they do, governors need to assure themselves that the risks have been fully assessed and effective mitigation strategies adopted to minimise the likelihood of any adverse reputational or financial consequences occurring.

The Scottish Code of Governance (p9) emphasises that 'institutions must adopt a risk-based approach to strategic planning.' In other words when selecting a strategy, institutions need to assess the risks associated with the different strategic options, and take account of the risks when selecting their preferred option.

5.1 Briefing note 8: Risk management

The governing body exercises oversight of the provider's risk management and seek assurances from the executive that key risks have been identified and are being effectively managed. This requires that risks are identified, their impact and likelihood assessed, and mitigation strategies adopted. To ensure there is a clear understanding of the extent to which risk is tolerated, the governing body should agree its risk appetite.

Download the briefing note.

6. Students

For many institutions students are the single largest source of income and vital to the institution's survival and sustainability. As a consequence, the quality of the student experience and the ability to attract students to the institution, especially now many students are paying higher tuition fees, is of high importance.

Governing bodies are responsible for a number of student-related matters and normally expected to ensure:

- all aspects of the student experience are consistent with the institution's mission and strategic direction.
- services and processes are in place to provide student support.
- they carry out any statutory responsibilities in relation to students which cannot be delegated.
- Students' unions operate properly and within regulatory requirements.
- student appeals, complaints and disciplinary procedures are conducted in accordance with regulatory requirements.

6.1 Briefing note 9: Students

Students are beneficiaries and stakeholders of higher education. When selecting a provider and course, students increasingly seek to make well-informed choices, especially in a market where higher tuition fees apply. More data to inform student choice, a demographic downturn, and rivalry between providers means that competition to recruit students has increased. Governing bodies need to be alert to these trends. Following enrolment, governing bodies should monitor student retention, progression rates and, finally, graduate destinations.

Download the briefing note.

7. Strategic plan

A key role of the governing body is to examine and agree the institution's strategic plan. The Executive will typically propose a strategy by submitting a strategic plan to the governing body for its consideration. The governing body needs then to examine and question the proposed strategy, and assure itself that the proposed strategy addresses the opportunities and threat faced by the institution.

As most regular meetings of the governing body normally have very full agendas, a thorough discussion of a new strategic plan is likely to require specific time to be set aside. Typically, for example, this may involve the governing body holding a strategy day with the single item for discussion being the strategic plan.

In some institutions the detailed examination of the proposed strategic plan may be undertaken by a Strategic Development (or similar) committee, which reports on its findings, and makes recommendations, to the full governing body.

7.1 Briefing note 10: Strategic plan

A responsibility of Governors is to examine and agree the provider’s strategic plan. Normally, the head of the provider will bring forward a draft strategic plan for consideration, discussion and ultimately approval by the governing body. However, the actual process by which a governing body discharges its responsibility to approve the strategy plan varies between providers.

Download the briefing note.

8. Monitoring performance

Once the governing body has agreed the institution's strategic plan, the responsibilities of governors moves to ensuring the plan is successfully delivered and any planned *outcomes* achieved. Responsibility for implementing the strategic plan, and achieving the agreed outcomes, lies with the executive.

To fulfil its responsibilities the governing body needs to ensure it has the means to effectively monitor the implementation of the strategic plan, and assess whether progress is being made towards achieving the planned outcomes. For most institutions this has meant the adoption of a system of key performance indicators (KPIs). Governing bodies may also receive an annual report and update from the executive summarising the actions taken during the year to implement the strategic plan, and evidencing progress towards meeting the planned outcomes.

Reflecting the complexity and scope of most institutions, KPIs are normally introduce to cover a range of activities, including, for example, student recruitment, the student experience, research activity, staff and finance. The desire to looks at different aspects of the institution in order to assess performance has lead to the use of a 'balanced' scorecard or dashboard to assess the institution's performance.

Agreeing appropriate KPIs, including deciding whether they should be qualitative or quantitative measures, establishing baselines, agreeing targets, together with the frequency of monitoring the individual indicators are all part of establishing an institution's Performance Management System.

8.1 Briefing note 11: Monitoring performance

Once a provider's strategic plan has been agreed, the role of the governing body is to monitor its delivery and the achievement of the planned outcomes. To facilitate their role, governors will typically agree with management a set of key performance indicators (KPIs) to be monitored. Consideration may also be given to the extent to which the KPI cover short- and/or longer-term time horizons.

Download the briefing note.

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